

J00A01
The Secretary's Office
Maryland Department of Transportation

Operating Budget Data

(\$ in Thousands)

	<u>FY 11 Actual</u>	<u>FY 12 Working</u>	<u>FY 13 Allowance</u>	<u>FY 12-13 Change</u>	<u>% Change Prior Year</u>
Special Fund	\$62,624	\$66,584	\$70,077	\$3,493	5.2%
Adjusted Special Fund	\$62,624	\$66,584	\$70,077	\$3,493	5.2%
Federal Fund	8,027	9,083	9,300	217	2.4%
Adjusted Federal Fund	\$8,027	\$9,083	\$9,300	\$217	2.4%
Adjusted Grand Total	\$70,651	\$75,667	\$79,377	\$3,710	4.9%

- The fiscal 2013 allowance increases \$3.7 million, or 4.9%, compared to the fiscal 2012 working appropriation.
- The increase in the allowance is due largely to new or higher statewide cost allocations. The statewide cost allocations include the cost of several Department of Information Technology projects and services and retirement administrative costs.

PAYGO Capital Budget Data

(\$ in Thousands)

	<u>Fiscal 2011 Actual</u>	<u>Fiscal 2012 Legislative</u>	<u>Fiscal 2012 Working</u>	<u>Fiscal 2013 Allowance</u>
Special	\$36,404	\$40,438	\$58,105	\$48,848
Federal	\$0	\$15,000	\$16,000	\$20,000
Reimbursable	\$179	\$68	\$68	\$0
Total	\$36,583	\$55,506	\$74,173	\$68,848

Note: Numbers may not sum to total due to rounding.

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- The fiscal 2012 working appropriation increases \$18.7 million, or 34%. The increase is due to additional funding for the Virginia Manor project and changes to several other smaller projects.
- The fiscal 2013 allowance decreases \$5.3 million compared to the fiscal 2012 working appropriation. The decrease is due to a number of system preservation projects ending in fiscal 2012.

Operating and PAYGO Personnel Data

	<u>FY 11 Actual</u>	<u>FY 12 Working</u>	<u>FY 13 Allowance</u>	<u>FY 12-13 Change</u>
Regular Operating Budget Positions	304.00	294.00	294.00	0.00
Regular PAYGO Budget Positions	<u>16.00</u>	<u>15.00</u>	<u>15.00</u>	<u>0.00</u>
Total Regular Positions	320.00	309.00	309.00	0.00
Operating Budget FTEs	5.50	5.50	5.50	0.00
PAYGO Budget FTEs	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>0.00</u>
Total FTEs	7.50	7.50	7.50	0.00
Total Personnel	327.50	316.50	316.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	10.75	3.48%
Positions and Percentage Vacant as of 1/1/11	22.00	7.12%

- Compared to the fiscal 2012 working appropriation, the fiscal 2013 allowance does not include any changes to the personnel complement.
- When compared to the fiscal 2011 actual personnel complement, the fiscal 2013 allowance has 11 fewer positions. The department had 3 positions abolished as part of the fiscal 2012 allowance, 4 Minority Business Enterprise positions were transferred to other modes to assist with compliance, 2 positions were reduced as part of the 2012 back-of-the-bill language, and 2 positions were transferred to the Office of the Attorney General.
- The agency also had 13 positions abolished as part of the Voluntary Separation Program in fiscal 2011.
- The agency's budgeted turnover rate is 3.48% requiring 10.75 vacant positions. As of January 1, 2012, the agency had 22.0 vacant positions for a vacancy rate of 7.12%.

Analysis in Brief

Major Trends

Departmentwide Vacancy Rate Increases: The department has a goal of a departmentwide average vacancy rate of 5.0%. In fiscal 2011, the department did not meet the goal. The department indicates that the increased vacancy rate is due to tighter controls on the hiring freeze process. Since fiscal 2009, the department has had 402 positions abolished. **The Department of Legislative Services (DLS) recommends that the department discuss what impact the reductions in authorized positions have had on modal operation and management, in particular at the State Highway Administration.**

System Preservation Funding Falls Short of Goal: Another goal of the Secretary's Office (TSO) is to ensure the operational integrity of the transportation network. Goal 2 provides that system preservation should be adequately funded at \$850 million in fiscal 2012. In fiscal 2011, the level of system preservation funding declined due to stimulus funding ending and revenue write downs. System preservation will approach the \$850 million figure but fall short in fiscal 2012 and 2013. The *Capital Improvement Program* also indicates that system preservation funding will decline and average approximately \$730 million from fiscal 2014 to 2017. **DLS recommends that the department discuss why system preservation funding is declining and what impact that will have on the transportation network and users of the network.**

Issues

Department Moves Forward with Plan for Intermodal Facility: In May 2009, the Maryland Department of Transportation (MDOT) and CSX entered into a memorandum of understanding where it was agreed that the State and CSX would work to constructing a new intermodal facility by November 3, 2014. The State's share of the project is capped at \$75 million. **DLS recommends that the department discuss the next steps in the selection process, further detail the State's financial obligations to the project, and how the State intends to meet its financial obligations for the project.**

Operating Budget Recommended Actions

1. Add annual budget language capping the amount of special fund operating grants-in-aid.

PAYGO Budget Recommended Actions

1. Add budget bill language limiting system preservation and minor project funding to the projects identified in the fiscal 2012-2017 *Consolidated Transportation Program*.

Updates

Update on Transit-oriented Development Projects: The Office of Real Estate in TSO is responsible for disposing of excess land owned by MDOT as well as promoting development around transit stations and port-related development. DLS and MDOT developed an administrative process for the reporting and oversight for transit-oriented development (TOD) projects. MDOT submitted a report in September 2011 that highlighted a number of TOD projects.

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Budget Analysis

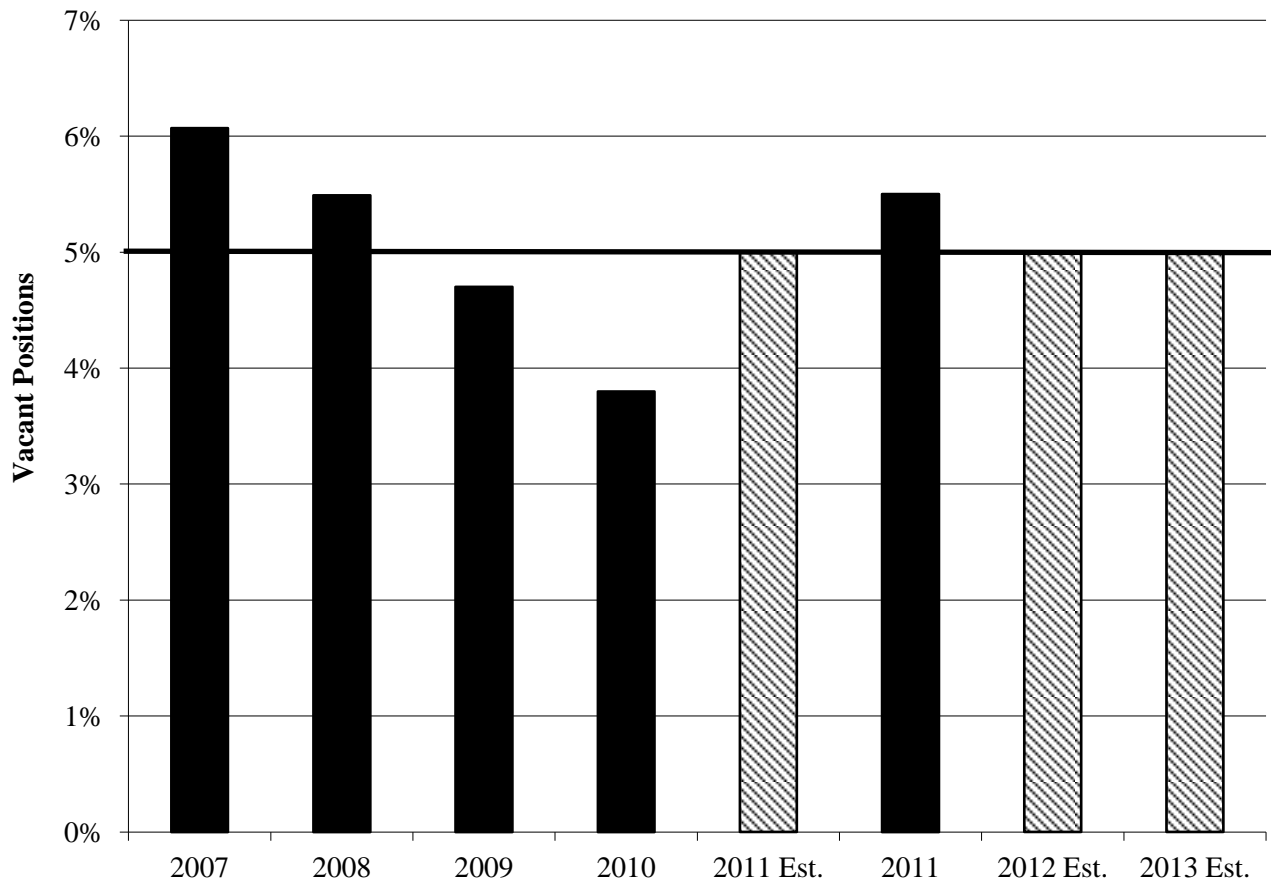
Program Description

The Secretary's Office (TSO) provides overall policy direction and management to the Maryland Department of Transportation (MDOT). Units within the office provide support in the areas of finance, procurement, engineering, audits, administrative services, planning and capital programming, human resources, and Minority Business Enterprise certification. Executive staff support is also provided for management services, public affairs, the general counsel's office, and policy and governmental relations. Within TSO, the Office of Transportation Technology Services provides centralized computing, network, infrastructure, and general information technology services for MDOT. TSO also makes grants to various entities for transportation-related purposes.

Performance Analysis: Managing for Results

One of MDOT's departmentwide goals is an average vacancy rate of 5.0% or less by the end of fiscal 2013. As shown in **Exhibit 1**, MDOT did not meet the 5.0% goal in fiscal 2011. In July 2010, the departmentwide vacancy rate was 4.67%, or 419.0 vacant positions. By June 2011, the vacancy rate increased to 5.91%, or 523.5 vacant positions, an increase of 104.5 vacant positions from the beginning of the fiscal year. It is also noteworthy that the departmentwide positions vacant over 12 months increased during the fiscal year from 44.5 to 76.0 positions. Overall, only the Motor Vehicle Administration and Maryland Aviation Administration were able to reduce the vacancy rate during fiscal 2011. In its Managing for Results (MFR) notes, MDOT indicates that the increase in the vacancy rate is due to tighter controls on the hiring freeze process with no recruitment authorizations being considered before 90 days had elapsed from the vacancy date. In addition, positions were being held vacant in the event of the need to abolish positions for savings. As of January 1, 2012, the departmentwide vacancy rate was 4.8%.

Exhibit 1
Departmentwide Vacancy Rate
Fiscal 2007-2013

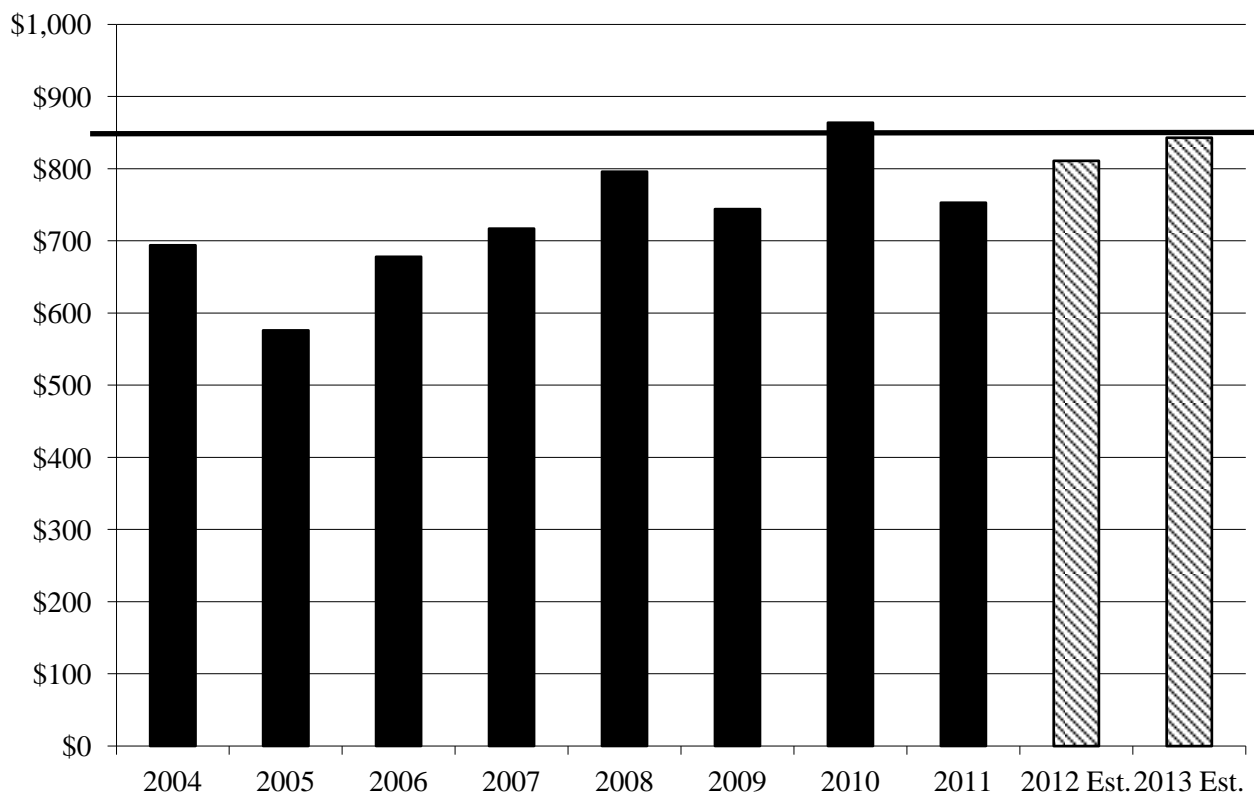


Source: Maryland Department of Transportation

The department ended fiscal 2009 with 9,134.5 authorized positions. The fiscal 2013 allowance provides 8,732.5 positions, a decrease of 402 authorized positions. The reduction in positions is a result of Board of Public Works (BPW) reductions, legislative reductions, the Seagirt Marine Terminal public-private partnership, and the Voluntary Separation Program. The mode which experienced the largest reduction in authorized positions was the State Highway Administration (SHA) with 181 authorized positions. The reduction in positions will impact the operations and services provided by the department. **The Department of Legislative Services (DLS) recommends that the department discuss what impact the reductions in authorized positions have had on modal operations and management, in particular at SHA.**

Another TSO goal is to ensure the operational integrity of the transportation network. Goal 2 provides that system preservation should be adequately funded at \$850 million in fiscal 2012. As shown in **Exhibit 2**, according to the MFR data, the level of system preservation funding in fiscal 2010 met the \$850 million goal, largely due to the federal stimulus funding. In fiscal 2011, the level of system preservation funding declined due to stimulus funding ending and revenue write downs but is expected to increase in fiscal 2012 and 2013. System preservation will approach the \$850 million figure but fall short in fiscal 2012 and 2013. MDOT’s fiscal 2012 to 2017 *Consolidated Transportation Program* (CTP) shows system preservation funding will decline and average approximately \$730 million from fiscal 2014 to 2017. **DLS recommends that the department discuss why system preservation funding is declining and what impact declining system preservation funding will have on the transportation network and users of the network.**

Exhibit 2
System Preservation Funding Levels
Fiscal 2004-2013
(\$ in Millions)



Source: Maryland Department of Transportation

Proposed Budget

The fiscal 2013 allowance increases by \$3.7 million, or 4.9%, compared to the fiscal 2012 working appropriation. Approximately \$3.7 million of that increase is due to the introduction of several statewide cost allocations as well as increases in others. There are other corresponding increases and offsets, but these cost increases account for the majority of the increase. **Exhibit 3** provides a summary of the major changes in the allowance.

Exhibit 3 Proposed Budget MDOT – The Secretary's Office (\$ in Thousands)

How Much It Grows:	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
2012 Working Appropriation	\$66,584	\$9,083	\$75,667
2013 Allowance	<u>70,077</u>	<u>9,300</u>	<u>79,377</u>
Amount Change	\$3,493	\$217	\$3,710
Percent Change	5.2%	2.4%	4.9%
Contingent Reductions	\$0	\$0	\$0
Adjusted Change	\$3,493	\$217	\$3,710
Adjusted Percent Change	5.2%	2.4%	4.9%

Where It Goes:

Personnel Expenses

Increments and other compensation	-\$211
Employee and retiree health insurance	65
Workers' compensation premium assessment	-122
Turnover adjustments	243
Employee retirement.....	128
\$750 one-time bonus.....	-228
Other fringe benefit adjustments.....	-10

Statewide Cost Allocation

Department of Information Technology Services allocation fee	1,625
Department's share of administrative cost of the retirement service.....	771
Department of Budget and Management telecommunications fee	524

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Where It Goes:

Office of the Attorney General fee for services	102
Statewide Personnel System Allocation	697
Executive Department	
Costs for contract litigation unit at the Office of Attorney General including 2 positions	303
Spending on consultants and studies of freight rail based upon need.....	-73
Outside legal services based upon historical spending	-65
General maintenance for building reduced based upon historical spending.....	-59
Rental copiers reduced based upon need	-25
Operating Grants-in-aid	
Baltimore Metropolitan Planning organization	104
Washington Metropolitan Planning organization	130
Payments in lieu of taxes	50
Office of Transportation Technology Services	
Upgrade to IBM hardware and software products	1,025
Contractual cost of maintaining department's mainframe, various systems, and software licenses	290
Hardware maintenance contract costs due to technology upgrade	-1,306
End funding for the eMaryland Marketplace due to new contract	-93
Outside training costs reduced to reflect actual spending.....	-72
Other Changes	
Other	-83
Total	\$3,710

Note: Numbers may not sum to total due to rounding.

Personnel

Personnel-related expenditures in the fiscal 2013 allowance decrease \$0.1 million; however, there are several actions that need to be accounted for when discussing personnel expenditures. This includes the following:

- The fiscal 2012 allowance included the Voluntary Separation Program where TSO had 13 positions abolished. It is projected that the annualized savings from the program is \$0.8 million.

- Section 47 of the fiscal 2012 budget bill required the Governor to abolish 450 positions as of January 1, 2012. TSO's share of this reduction was 2 positions; however, the agency was able to retain the funding.
- The fiscal 2012 budget bill also provided State employees with a one-time bonus of \$750 in fiscal 2012. The total cost of the bonus was \$0.2 million for the operating budget and \$12,105 for the capital budget.

Other personnel-related changes include increases in turnover expectancy (\$0.2 million), employee and retiree health insurance (\$0.1 million), and employee retirement costs (\$0.1 million). The decreases in the allowance include increments and other compensation (\$0.2 million) and worker's compensation premium assessment (\$0.1 million).

Statewide Cost Recovery

The budget includes several actions that required cost recovery for several State activities which increased the fiscal 2013 allowance by \$3.7 million. Specifically, the allowance includes the following increases for indirect cost recovery:

- \$1.6 million for Department of Information Technology Services allocation fee;
- \$0.8 million for the retirement administrative fee allocation;
- \$0.7 million for the statewide personnel system allocation;
- \$0.5 for the statewide telecommunications cost allocation; and
- \$0.1 million for Office of Attorney General cost allocation.

Other Changes

The Office of Transportation Technology Services has increases for several Information Technology (IT) related expenditures. This includes an increase of \$1.0 million to upgrade hardware and software products with an offsetting decrease of \$1.3 million to reduce hardware maintenance costs due to technology upgrades. Contractual costs to maintain the mainframe and other various systems increase \$0.3 million.

In the Office of Executive Direction, the major change is an increase in the costs to the contract litigation unit of the Office of the Attorney General. TSO transferred 2 positions to this office and agreed to pay the salaries of the positions since they predominantly work on MDOT related issues. Other changes include decreases in spending for consultants, outside legal service, building maintenance, and copies based upon historical spending levels.

Operating Grants-in-aid

Operating grants-in-aid increase by \$0.3 million in fiscal 2013 largely due to increased federal funds to metropolitan planning organizations based upon need. The largest increases are for the Baltimore and Washington metropolitan areas. The other increase is for payment in lieu of taxes to Baltimore City based upon updated property information and agreements. **Exhibit 4** provides a summary of the operating grants-in-aid.

Exhibit 4 Recipients of Operating Grants-in-aid Fiscal 2013

<u>Grant Recipient</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Cumberland MPO	\$11,620	\$92,961	\$104,581
Salisbury MPO	12,929	103,433	116,362
Hagerstown MPO	23,179	185,430	208,609
Baltimore MPO	618,611	4,948,886	5,567,497
Wilmington MPO	6,011	48,088	54,099
Washington MPO	490,195	3,921,557	4,411,752
Tri-County Planning Organization	50,000	0	50,000
DBED (to support the Appalachian Regional Commission)	155,000	0	155,000
Maryland Department of Planning	258,000	0	258,000
Payments in Lieu of Taxes	1,103,550	0	1,103,550
Pride of Baltimore	0	0	0
Baltimore City – Marine Fire Suppression Services	1,399,940	0	1,399,940
Total	\$4,129,035	\$9,300,355	\$13,429,390

DBED: Department of Business and Economic Development

MPO: Metropolitan Planning Organizations

Source: Maryland Department of Transportation

PAYGO Capital Program

Program Description

TSO's capital program has historically consisted of projects that support the preservation of MDOT's headquarters systems and air quality initiatives in the Baltimore and Washington, DC metropolitan areas. TSO provides capital grants to public and private entities for transportation-related purposes.

Fiscal 2012 to 2017 Consolidated Transportation Program

The fiscal 2013 allowance for TSO's capital program totals \$68.8 million, a decrease of \$5.3 million from the fiscal 2012 working appropriation. A new project in TSO is the Bikeways Network Program to help implement the MDOT Bicycle and Pedestrian Master Plan and Strategic Trails Plan. The total cost of the project is \$10.0 million. System preservation projects account for the largest portion of the allowance, totaling \$24.0 million as shown in **Exhibit 5**. The largest system preservation projects are:

- \$5.5 million for Business and Capital Support at Baltimore Washington International Thurgood Marshall Airport;
- \$3.8 million for network hardware and software replacement costs;
- \$3.0 million for consultant contracts;
- \$3.0 million for the Minority Business Enterprise disparity study;
- \$2.0 million for transit oriented development; and
- \$2.0 million for the Maryland Bike Share program.

Exhibit 5
The Secretary's Office Major Projects
Fiscal 2013
(\$ in Millions)

<u>Jurisdiction</u>	<u>Project Description</u>	<u>2013</u>	<u>Six-year Project Costs</u>
Prince George's County	Construction/reconstruction of relocated Virginia Manor Road	\$15.0	\$30.0
Baltimore and Washington, DC	Transportation Emissions Reduction Program	4.1	25.7
Statewide	Bikeways Network Program	4.0	10.0
Statewide	System Preservation and Minor Projects	24.0	94.5
Statewide	Engineering for a new B&P Tunnel (ARRA)	20.0	60.0
Statewide	Capital Salaries, Wages, and Other Costs	1.7	12.4
Total		\$68.8	\$232.6

ARRA: American Recovery and Reinvestment Act of 2009

B&P: Baltimore and Potomac

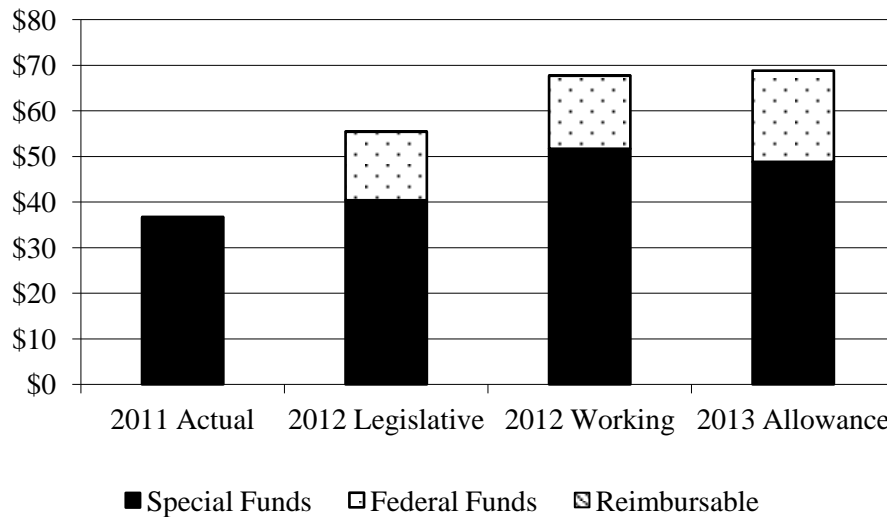
Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

Fiscal 2012 and 2013 Cash Flow Analysis

The fiscal 2012 working appropriation increases \$18.7 million compared to the legislative appropriation, as shown in **Exhibit 6**. The increase is due to a \$10.0 million increase in funding for Virginia Manor Road reconstruction project. The other major change is \$2.0 million for Bikeways Network Program. Other changes occurring in the system preservation and minor projects include:

- \$1.4 million for the Integrated Financial Management Information System;
- \$1.4 million for transit oriented development; and,
- \$2.0 million for a I-95/Forestville Road Ramp Improvement Grant.

Exhibit 6
Cash Flow Changes
Fiscal 2011-2013
(\$ in Millions)



Source: Maryland Department of Transportation, 2012-2017 *Consolidated Transportation Program*

In fiscal 2013, funding for major projects increases \$6.1 million due to cash flow changes in the Virginia Manor project and the Bikeways Network Program. Funding in the system preservation and minor projects category decreases in fiscal 2013 by \$15.3 million due to funding for a number of projects ending. Examples include:

- \$6.0 million transfer to the Maryland Transportation Authority;
- \$4.0 million for the MD 695 at Broening Highway project;
- \$2.0 million for the I-95/Forestville Road Improvement Grant; and
- \$2.0 million for the Towson Circle grant.

Projects Added to the Construction Program

One project was added to the construction program. The Bikeways Network Program was added at a total cost of \$10.0 million.

Issues

1. Department Moves Forward with Plan for Intermodal Facility

Background

In 2009, the State created a Statewide Freight Plan which outlined policies and projects to promote the efficient movement of goods. Over \$30 billion in public and private projects were identified to meet the projected 75% growth in freight movement and economic growth by 2030. One project identified was the relocation and construction of a new CSX Intermodal Facility to facilitate and support intermodal freight (truck and rail) transportation. For a facility to be effective, it needs to be located near existing rail, port, airport, and highway infrastructure in the Baltimore/Washington metropolitan region.

While the State is looking at a new intermodal facility, simultaneously CSX is working on a broader capital improvement program called the National Gateway to increase capacity on its rail lines through double stacking. To accomplish this, CSX is looking at upgrading tracks, equipment and facilities, and providing clearance to allow double-stack intermodal trains. CSX has worked with other state governments to advance this project, and it has also received federal stimulus funding for the program.

Maryland Context

In May 2009, MDOT and CSX entered into a memorandum of understanding (MOU) where it was agreed that the State and CSX would work to construct a new intermodal facility by November 3, 2014. To help expand its market capacity and to utilize double stacking, CSX is working with MDOT to move to a site south of the Howard Street tunnel so that it can access its emerging national double-stack network. The Howard Street tunnel does not have the height necessary to accommodate double stacking, and reconstructing the Howard Street tunnel is cost prohibitive. The cost of the intermodal facility was projected to be \$150 million. In the May 2009 MOU, the State and CSX agreed that the State share would be capped at \$75 million. Construction is planned to begin in 2013 with the site operational in 2015.

MDOT and CSX have identified certain characteristics that are needed for the intermodal facility which include 70 contiguous acres, south of the Howard Street Tunnel, on the CSX mainline, close to a highway, and the right shape and configuration. In March 2011, MDOT and CSX identified four candidate sites for a new intermodal facility with guidance from the Federal Railroad Administration and the Federal Highway Administration. The four candidates are located in Beltsville, Jessup, Hanover, and Montevideo. For each of the projects, MDOT and CSX are following the federal process outlined in the National Environmental Policy Act (NEPA), which would also make the project federal aid eligible.

According to a public presentation made in November 2011, the cost to construct the facility has increased above the original \$150 million estimate for the four sites. The Jessup site is estimated to cost \$300 million to \$325 million, Beltsville is \$175 million to \$200 million, Hanover is \$140 million to \$165 million, and Montevideo is \$200 million to \$225 million. Each of the sites has benefits and negatives, and the impacts on the environment and surrounding communities will need to be evaluated as part of the NEPA process.

DLS Services recommends that MDOT discuss with the budget committees the following:

- **the next steps in the selection process and when a final decision will be made;**
- **what is the State's financial obligation to construct the facility, particularly given the increase in project costs; and**
- **how the State intends to meet its financial obligations for the project particularly since the project is not funded in the CTP.**

Operating Budget Recommended Actions

1. Add the following language to the special fund appropriation:

, provided that no more than \$4,129,035 of this appropriation may be expended for operating grants-in-aid, except for:

- (1) any additional special funds necessary to match unanticipated federal fund attainments;
or
- (2) any proposed increase either to provide funds for a new grantee or to expand funds for an existing grantee; and

Further provided that no expenditures in excess of \$4,129,035 may occur unless the department provides notification to the budget committees to justify the need for additional expenditures due to either provision (1) or (2) above, and the committees provide review and comment or 45 days elapse from the date such notification is provided to the committees.

Explanation: This annual language caps the level of special funds provided for operating grants-in-aid. The cap may be increased to match unanticipated federal dollars or to provide new or expanded grant funding upon notification to the budget committees.

Information Request	Author	Due Date
Explanation of need for additional special funds for operating grants-in-aid	Maryland Department of Transportation	As needed

PAYGO Budget Recommended Actions

1. Add the following language to the special fund appropriation:

Further provided that no funds may be expended by the Secretary's Office for any system preservation or minor project with a total project cost in excess of \$500,000 that is not currently included in the fiscal 2012-2017 Consolidated Transportation Program except as outlined below:

- (1) the Secretary shall notify the budget committees of any proposed system preservation or minor project with a total project cost in excess of \$500,000, including the need and justification for the project, and its total cost; and
- (2) the budget committees shall have 45 days to review and comment upon the proposed system preservation or minor project.

Explanation: Each fiscal year the capital grants in the Secretary's Office increase from the legislative appropriation, and there is no oversight of any capital grants that the department may provide to other entities. To provide a degree of oversight to future capital grants, this language would cap system preservation funding to the level specified by the General Assembly and require notification of any future increases.

Information Request	Author	Due Date
Explanation of the need for additional special funds for capital grants	Maryland Department of Transportation	As needed

Updates

1. Update on Transit-oriented Development Projects

Background

The Office of Real Estate in the Secretary's Office is responsible for disposing of excess land owned by MDOT as well as promoting development around transit stations and port-related development. TOD is to create high density, livable, and walkable neighborhoods around transit stations. Chapter 122 of 2008 codified the department's TOD activities and allowed for the Secretary to designate a TOD with other State agencies and local governments or multi-county agencies with land use and planning responsibility for the relevant area.

Project Overview

DLS and MDOT developed an administrative process for the reporting and oversight for TOD projects. MDOT submitted a report in September 2011 that highlighted a number of TOD projects. Following is a summary of those projects.

- **Savage Maryland Area Regional Commuter (MARC) Station:** The Savage MARC station TOD project will be located on a 12.7-acre lot that is owned by MDOT. MDOT transferred 10.2 acres (valued at \$3.3 million) to the developer in return for the construction of a new MTA-owned commuter garage. The remaining cost of the garage, \$14.0 million, will be supported by a local tax increment financing (TIF) issuance to be supported by the local real estate tax increment generated on the privately owned portion of the site. Howard County has approved a TIF ordinance for the project. It is estimated that a \$14.0 million TIF for the construction of an onsite commuter garage will be issued. MDOT anticipates that it may seek the approval of BPW for several amendments to the Master Development Agreement. If the TIF is successfully issued, MDOT anticipates that the developer could begin construction during calendar 2012.
- **Owings Mills Baltimore Metro Station:** In July 2005, BPW approved a development agreement that provided for the construction of a mixed use development in several phases where surface parking lots had once been. The developer pays ground rent payments to MDOT, and the developer is also required to construct two parking garages. MDOT committed to contribute \$15.1 million, and Baltimore County committed \$13.1 million for the project. MDOT does not anticipate any additional State funding. MDOT indicates that it would likely authorize the use of a TIF to finance the second commuter garage with the ownership of both parking garages transferring to the Maryland Economic Development Corporation (MEDCO). The developer broke ground on the construction of the Community College and Library in 2011, with the second garage and the first phase of private development to begin in fiscal 2014.

- **State Center Complex:** The Department of General Services owns the 28-acre land that comprises the State Center complex. In 2005, a request for qualifications (RFQ) was issued, and a development team was selected. On June 3, 2009, the Master Development Agreement (MDA) was passed by BPW, and shortly thereafter, the General Assembly had members appointed to the State Center Executive Committee, and the Maryland Stadium Authority was added as well. On July 28, 2010, BPW approved the ground rent and office space lease payments as well as the construction of a 928-space State parking garage costing \$28.2 million. The State can terminate the developer's contract in exchange for reimbursement of the developer's unpaid costs from December 2007 to a certain point in the project. On December 16, 2011, 15 corporate entities filed suit against the State to halt the project. Due to the lawsuit, the construction of the parking garage has been delayed; however, developer work on the project continues.
- **Odenton MARC Station:** A development team for the project was selected in September 2007 by MDOT and Anne Arundel County. The project has been in the planning phase since then, with discussions of concept plans and business plans to begin in the near future. MDOT hopes to seek BPW approval for a MDA during fiscal 2013. The terms of a contract have not been finalized; however, the contract will likely include a commuter parking garage, the sale or lease of land by the county and State, and a local TIF to support the construction of the public infrastructure and garage.
- **Laurel MARC Station:** MDOT had entered into a negotiating agreement with a developer in June 2004; however, that agreement expired in June 2008 without the parties reaching an agreement. MDOT issued a request for proposals in June 2009 and is in negotiations with the Patriot Group. MDOT hopes to have a MDA approved by BPW during fiscal 2013. The agreement will likely include the sale or long-term lease of an MDOT-owned parking lot in exchange for a parking garage and a mixed use TOD.
- **Reisterstown Plaza Metro:** The United States General Services Administration (GSA) has announced that the Reisterstown Plaza location is the preferred site for a new location for the Social Security Administration. BPW approved the disposition of the land at its August 26, 2009 meeting.
- **Aberdeen:** The Aberdeen TOD is in the planning stage with MDOT's property holdings limited in the area. Therefore, MDOT's activities have focused on working with the city of Aberdeen to define and pursue a TOD strategy. MDOT continues to work with the city on a vision and has committed State funds totaling \$255,000 toward the project. MDOT does not anticipate seeking BPW approval for any items relating to the Aberdeen TOD during fiscal 2012.
- **Westport Light Rail Station in Baltimore City:** This is a privately financed project, and MDOT does not own any significant property in the area. MDOT is currently considering a request to provide financial support for improvements to the transit station and for a

pedestrian overpass that would enable access to the TOD over the existing CSX rail tracks. MDOT does not anticipate any action by BPW during fiscal 2012.

MDOT's report also includes TOD projects at Washington Metropolitan Area Transit Authority (WMATA) owned stations. Following is an update of those projects where MDOT is in a supporting role.

- **Branch Avenue Metro Station:** WMATA owns 33 acres at the WMATA Branch Avenue Metro Station, which is in the predevelopment planning phase for a TOD. WMATA has completed a station vision plan, and the site has been marketed to GSA. SHA is also designing bicycle, pedestrian, and vehicular access improvements to the Branch Avenue Station.
- **Naylor Road Metro Station:** WMATA owns 10 acres of surface parking at the Naylor Road Metro Station, and TOD predevelopment activities are underway for the WMATA site. To achieve the type of TOD envisioned by Prince George's County, SHA has initiated planning for traffic calming and bicycle and pedestrian access improvements along MD 5.
- **New Carrollton Metro Station:** During fiscal 2011, WMATA and MDOT approved an agreement to jointly issue a RFQ to identify a team to plan and develop a TOD project on 25 acres of WMATA property and 16 acres of adjacent MTA-owned property at the New Carrollton Station. A developer was selected in June 2011. The developer is working with WMATA, MDOT, and Prince George's County to create a development plan that is consistent with the county's vision and addresses infrastructure needs. Ultimately, the plan would be to sell or lease the transit agency property around the station to the development team for a mixed use development.
- **Wheaton Metro Station:** During fiscal 2010, Montgomery County and WMATA entered into an agreement to jointly solicit for a development team to develop a TOD on 8.2 acres of properties owned by WMATA and Montgomery County surrounding the station. A developer was selected who will begin working on a development plan. MDOT will play a supporting role.
- **Shady Grove Metro Station:** Montgomery County is looking to redevelop 90 acres of county property next to the Shady Grove Metro Station as a TOD. A developer has been selected for the site. WMATA owns approximately 60 acres surrounding the Shady Grove Metro Station, some of which could be redeveloped as a TOD.
- **Twinbrook Metro Station:** Approximately 10 years ago, WMATA initiated a TOD joint development project at Twinbrook. The first phase was completed; however, the recession and changing market conditions slowed the project. WMATA and the developer renegotiated aspects of the agreement. The developer broke ground on Phase 2 of the development in summer 2011.

Current and Prior Year Budgets

Current and Prior Year Budgets MDOT – The Secretary's Office (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2011					
Legislative Appropriation	\$0	\$64,326	\$8,591	\$0	\$72,917
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	308	0	0	308
Reversions and Cancellations	0	-2,010	-563	0	-2,573
Actual Expenditures	\$0	\$62,624	\$8,027	\$0	\$70,651
Fiscal 2012					
Legislative Appropriation	\$0	\$66,355	\$9,083	\$0	\$75,438
Budget Amendments	0	228	0	0	228
Working Appropriation	\$0	\$66,584	\$9,083	\$0	\$75,667

Note: Numbers may not sum to total due to rounding.

Fiscal 2011

Fiscal 2011 spending totaled \$70.7 million, a decrease of \$2.3 million from the legislative appropriation. Special fund budget amendments increased spending by \$0.3 million for MDOT's assistance to the State Police in purchasing replacement Medevac helicopters.

Special fund cancellations totaled \$2.0 million for the following purposes: \$0.8 million for application software contracts being less than anticipated, \$0.4 million for health insurance and retiree's health, \$0.3 million for legal services and contract litigation, \$0.1 million in less matching of federal funds for Metropolitan Planning Organization (MPO), and \$0.4 million for a variety of administrative functions including bond counsel, audit costs, and equipment and supply purchases.

Federal fund cancellations totaled \$0.6 million due to MPOs spending less in federal funds than anticipated.

Fiscal 2012

The fiscal 2012 appropriation increases \$228,382 to fund the \$750 one-time bonus afforded to State employees.

**Object/Fund Difference Report
MDOT – The Secretary’s Office**

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	304.00	294.00	294.00	0.00	0%
02 Contractual	5.50	5.50	5.50	0.00	0%
Total Positions	309.50	299.50	299.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 26,703,347	\$ 27,688,017	\$ 27,553,267	-\$ 134,750	-0.5%
02 Technical and Spec. Fees	276,388	304,752	228,560	-76,192	-25.0%
03 Communication	1,467,194	1,395,328	1,909,618	514,290	36.9%
04 Travel	119,208	150,015	141,775	-8,240	-5.5%
06 Fuel and Utilities	323,754	327,372	330,767	3,395	1.0%
07 Motor Vehicles	60,737	66,649	60,813	-5,836	-8.8%
08 Contractual Services	26,425,694	29,100,698	32,280,513	3,179,815	10.9%
09 Supplies and Materials	220,785	269,088	241,993	-27,095	-10.1%
10 Equipment – Replacement	1,103	2,000	500	-1,500	-75.0%
11 Equipment – Additional	5,472	5,110	3,110	-2,000	-39.1%
12 Grants, Subsidies, and Contributions	11,837,248	13,188,278	13,476,842	288,564	2.2%
13 Fixed Charges	3,209,920	3,169,425	3,149,169	-20,256	-0.6%
Total Objects	\$ 70,650,850	\$ 75,666,732	\$ 79,376,927	\$ 3,710,195	4.9%
Funds					
03 Special Fund	\$ 62,623,575	\$ 66,583,584	\$ 70,076,572	\$ 3,492,988	5.2%
05 Federal Fund	8,027,275	9,083,148	9,300,355	217,207	2.4%
Total Funds	\$ 70,650,850	\$ 75,666,732	\$ 79,376,927	\$ 3,710,195	4.9%

Note: The fiscal 2012 appropriation does not include deficiencies.

**Fiscal Summary
MDOT – The Secretary's Office**

<u>Program/Unit</u>	<u>FY 11 Actual</u>	<u>FY 12 Wrk Approp</u>	<u>FY 13 Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13 % Change</u>
01 Executive Direction	\$ 24,328,283	\$ 25,667,409	\$ 26,383,747	\$ 716,338	2.8%
02 Operating Grants-in-aid	11,735,760	13,135,326	13,429,390	294,064	2.2%
03 Facilities and Capital Equipment	36,582,509	74,172,806	68,847,965	-5,324,841	-7.2%
07 Office of Transportation Technology Services	34,586,807	36,863,997	39,563,790	2,699,793	7.3%
Total Expenditures	\$ 107,233,359	\$ 149,839,538	\$ 148,224,892	-\$ 1,614,646	-1.1%
Special Fund	\$ 99,027,226	\$ 124,688,760	\$ 118,924,537	-\$ 5,764,223	-4.6%
Federal Fund	8,027,275	25,083,148	29,300,355	4,217,207	16.8%
Total Appropriations	\$ 107,054,501	\$ 149,771,908	\$ 148,224,892	-\$ 1,547,016	-1.0%
Reimbursable Fund	\$ 178,858	\$ 67,630	\$ 0	-\$ 67,630	-100.0%
Total Funds	\$ 107,233,359	\$ 149,839,538	\$ 148,224,892	-\$ 1,614,646	-1.1%

Note: The fiscal 2012 appropriation does not include deficiencies.

Budget Amendments for Fiscal 2012
Maryland Department of Transportation
The Secretary's Office – Operating

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$228,382	Special	Adjusts the appropriation for the \$750 bonus.
Projected	\$320,000	Special	Funding for costs associated with managing the procurement of replacement helicopters.
Total	\$548,382		

Source: Maryland Department of Transportation

**Budget Amendments for Fiscal 2012
Maryland Department of Transportation
The Secretary's Office – Capital**

<u>Status</u>	<u>Amendment</u>	<u>Fund</u>	<u>Justification</u>
Approved	\$12,105	Special	Adjusts the appropriation for the \$750 bonus.
Pending	\$17,655,000	Special	Adjusts the amended appropriation to agree with the final fiscal 2012-2017 CTP.
	1,000,000	Federal	
	<i>\$18,655,000</i>	<i>Subtotal</i>	
Total	\$18, 667,105		

CTP: *Consolidated Transportation Program*

Source: Maryland Department of Transportation